



Welcome to the first issue of °C - our new customer newsletter

It is my great pleasure to introduce this first Daikin customer newsletter. Our intention is to use this media to help keep our customers and business partners informed about all the latest developments from Daikin, plus general news and information about the reefer container industry.

This first newsletter happens to coincide with two very important events for Daikin. We have recently delivered our 70,000th LXE10E Scroll Machine and Carlisle International Leasing has placed its first order with Daikin. You can read more about this later in this issue.

As with all newsletters, and in keeping with our general policy of listening to our customers, feedback from our readers is not just welcome, but essential. So please take a few moments to read this first edition and send us your thoughts on how we can make future newsletters both enjoyable and informative for you.

Finally, I would like to thank David Marjoram and Kathy Magee at Itochu Europe for producing and editing this first newsletter.

With best regards,

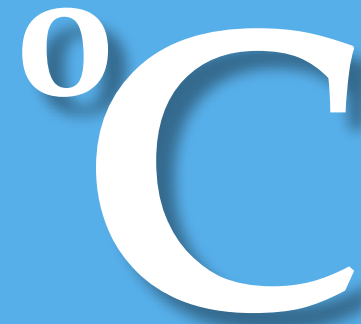
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Daikin secures first order from Carlisle Leasing

The first tranche of machines was delivered during July and the order was due to be completed by the end of August.

The majority of the new refrigeration equipment is destined for use on reefer boxes to be leased by a major Japanese shipping line. The carrier already equips much of its owned reefer equipment fleet with Daikin refrigeration units. Thanks to this move, it can also now lease boxes fitted with its preferred machine.

Established in 1993, US-headquartered Carlisle is the only major international leasing company to focus on refrigerated containers and related equipment. Carlisle's fleet has now grown to more than 65,000 refrigerated containers and diesel generator sets (around 123,000TEU), available in a variety of arrangements, including term lease, lease finance and master lease. Carlisle says that the Daikin transaction is *"consistent with our ongoing focus upon providing refrigerated leasing solutions in response to our customers' requirements."*

The Carlisle order represents Daikin's first major entry into the leasing sector, which generally accounts for some 20-30% of the reefer machinery market worldwide. Daikin is delighted to have secured the world's leading lessor of refrigerated containers as its first major customer in the leasing market. We fully expect this development to be repeated by other reefer leasing companies, allowing Daikin to even up the competitive playing field among suppliers to the leasing sector and provide more choice in the refrigerated container market.

Daikin has secured its first business with Carlisle Leasing International, currently the largest reefer container leasing company in the world. In July, Carlisle ordered 1,450 Daikin LXE10E scroll compressor units for use with newbuild reefer boxes produced by CIMC in China.



An international team from Daikin attended this year's Intermodal South America. Pictured on the back row from left to right: Yuko Murao (Tokyo), Kathy Magee (London), Takahiro Takeuchi (Rotterdam), Jon Pulliam (Oakland, CA), David Marjoram (London). Front row from left to right: Mari Takeuchi (Rotterdam), Alvaro Quintana (Montevideo), Toshiyuki Shimizu (Tokyo), Toru Hayashi (Tokyo)



Daikin expands Latin presence and exhibits at Intermodal South America

For the first time ever, Daikin took part in the Intermodal South America exhibition, held from 26-28 April in São Paulo, Brazil.



For more information on Daikin's Latin American network, please contact **Alvaro Quintana** at the Daikin Reeper Service Office (Central & South America):
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Intermodal South America has established itself as an important meeting place for Latin America transport buyers and suppliers and this year's show proved to be a good opportunity for Daikin to meet potential customers face to face, as well as to collect information on the market in South America.

The Latin American marketplace has become increasingly important for Daikin over the last three years. Daikin machines are now used by all the major European and Asian lines serving the major trade lanes from both the East and West coasts of South America to carry the full range of chilled and refrigerated cargoes.

As a result of this growth, Daikin has expanded its after-sales services in the Americas region to ensure that customers have all the necessary support to confidently operate the company's equipment.

A reeper service office has been established in Montevideo, Uruguay to serve the Latin America market.

Daikin also operates three Satellite Parts Centres in Colon, Panama, Santiago, Chile and Montevideo, Uruguay, supported by a Regional Parts Centre (RPC) in California, USA. The RPC provides back-up services for all spare parts distribution in the Americas.

An important part of Daikin's Latin American service is to make regular visits to customers' regional head offices across the region, as well as to provide around six training seminars every year for repair companies and shipping lines in different locations throughout Latin America.

European service dealer meeting held in Prague



Daikin hosted a European service dealer meeting in the lovely city of Prague, Czech Republic, from 29-30 May.



“Thanks to our service contractors, this service meeting was a great success. If you need any more information or service assistance, please don’t hesitate to contact us”

Arjan Bezemer

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The meeting was an invaluable opportunity to meet with dealers and listen to their feedback regarding Daikin’s products and how they are performing in the field. Overall, the feedback was positive.

A total of 43 people, representing 24 different companies from 16 countries, attended.

During the two-day meeting, the group took the opportunity to visit Daikin’s latest air-conditioning factory in the Czech city of Pilsen – which is also home to the world-famous Pilsner Urquell beer.

The state-of-the-art factory was opened in 2005 and the group was impressed by the facilities, high level of automation and quality of products being manufactured.

The meeting also offered an opportunity for some more informal networking, including an evening at a local restaurant sampling regional foods and wines.

The service dealer meeting in Prague was an excellent opportunity to get feedback on the performance of Daikin’s products in the field, discuss market trends and forge friendships.



For more information on our European service network, please contact the Daikin Reefer Service and Engineering office in Rotterdam.

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Arjan Bezemer, Manager, European Service



First customer takes delivery of Daikin machines equipped with DTMS

DTMS was officially unveiled at the Intermodal Transport & Logistics event in November 2005.

Royal Arctic Line A/S has become the first customer to take delivery of Daikin machines installed with the Daikin Temperature Management System (DTMS). Delivery of 125 machines installed with this new system was completed in May.

Developed for Daikin's LXE10E scroll compressor machine, DTMS is a new type of control logic that provides the optimum temperature environment and airflow for chilled cargo with lower power consumption. DTMS works by continually monitoring both supply-air and return-air temperatures, together with their rate of change. DTMS is currently the only product on the market to monitor all three of these parameters.

DTMS works by automatically adjusting the operation of the refrigeration unit based on varying ambient conditions and cargo respiration rates while the container is in transit. This continual fine tuning enables temperature and airflow inside the container to be controlled with much greater accuracy, as the system responds to real time conditions.

The real time monitoring and adjustment ensures that the refrigeration unit operates at optimum efficiency, using the minimum amount of power. Tests conducted by Daikin at three separate research sites showed that DTMS reduces power consumption by some 25-50% compared to a standard refrigeration unit.

A number of other shipping lines in Asia and Europe are now finalising trials of the system and we are pleased to report these in-house tests have confirmed Daikin's original prediction of 25% - 50% savings in power consumption.



"We are using DTMS when we ship fresh vegetables from Denmark to Greenland, and between 13 different terminals in Greenland, and can therefore save power without sacrificing the quality of the commodity."

Jens Nielsen, Technical Manager, Royal Arctic Line.

New ultra low GWP refrigerant development by Dupont and Honeywell

Two chemical companies, Dupont and Honeywell, have announced that they will have new refrigerants available in approximately 3-4 years as drop-in replacements for R134A.

Development of the new refrigerants has been spurred by new EU legislation banning the future use of R134A in automotive air conditioning equipment.

The new legislation is part of the drive to reduced emissions of greenhouse gases that contribute to global warming. The so-called MAC Directive stipulates that from the year 2011, refrigerants used in automotive A/C systems on all new model cars must have a GWP (global warming potential) of less than 150. From 2017, the regulation will apply to all new car production. R134A has a GWP of 1300, so will have to be phased out.

Both Dupont and Honeywell say that their new drop-in replacements for R134A will meet or exceed the GWP threshold of 150 with virtually no loss of cooling capacity or increase in power consumption. Testing is already well advanced and Dupont and Honeywell are now working with the automotive industry to conduct extended compatibility tests.

As governments in Europe and other parts of the world continue to target greenhouse gas emission reductions, the development of these new refrigerants could be good news for the reefer container industry. The availability of a suitable drop-in replacement would allow the continued use of existing R134A container refrigeration machines and technology without the need to develop expensive new designs operating on CO₂.

Honeywell

Daikin's intention is to ensure that these new refrigerants are fully compatible with its products, ensuring the maximum service life whilst complying with future environmental regulations. Daikin is currently evaluating the technical specification of these new products and hopes to conduct tests in the near future.



For more information, take a look at the following websites:

www.honeywell.com or www.dupont.com

Royal Arctic Line visits Daikin's Osaka factory

In March 2006, Jens Nielsen, Technical Manager for Royal Arctic Line A/S, visited Daikin's factory in Osaka.

Royal Arctic Line has been a Daikin customer since 2002 and more than 550 of the company's reefer containers are now fitted with Daikin machines.

Royal Arctic Line A/S was established in 1993 with sole rights to all goods transport to and from Greenland. The company was charged by the government with modernising and rationalising the transport system through the use of containers and was also tasked with maintaining a high rate of guarantee with regard to delivery of supplies. Today, Royal Arctic offers a year round liner service every 10-11 days between Greenland, worldwide via Aalborg, Denmark, as well as shipments to Greenlandic towns.

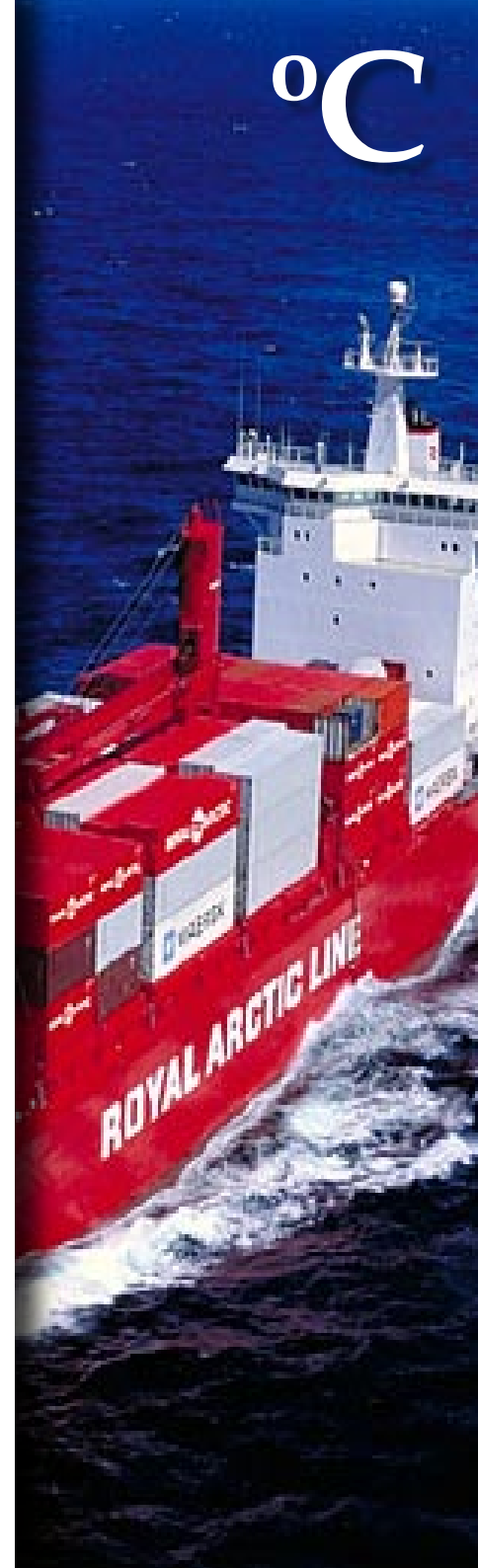


Royal Arctic can quite rightly claim that it is the lifeline of Greenland, as it is responsible for all imported supplies to the population - from food to clothes, medicine, building materials and contractors' supplies – as well as exports. The main goods exported from Greenland today are prawns and Greenland halibut, both of which enjoy a strong international market.

Jens Nielsen says: "I was impressed with the structure and the efficiency of the plant, which also gave me confidence about the quality of the units. As a company operating in Greenland both summer and winter, where temperatures can go down to -35°C, we expect a lot of our reefer machines.

"The reason why we chose Daikin as our reefer machinery supplier is due to quality of the unit, which has very few failures and therefore provides better quality for our customers' cargo and less work for our technicians. The commodities we are handling are very expensive, and therefore we want a unit with the highest quality that doesn't break down!

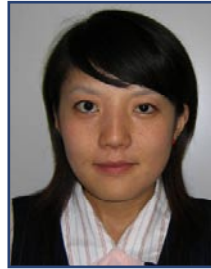
"We are very pleased with the performance of our Daikin units and Daikin has also been very good at listening to us. They dealt well with all the questions we had before we started the first delivery, and have also provided good after-market support. We have never been "left alone" if we had any questions."



STAFF CHANGES



Misayo Ono joins Reefer Sales team

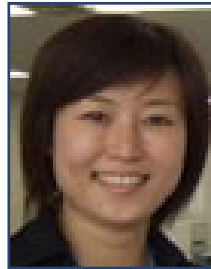


At the beginning of June, Misayo Ono joined the Daikin Reefer Sales Team. Ms Ono is a graduate of Houston Baptist University in the USA and her first priority at Daikin is to create and maintain a user friendly and informative web site for the Daikin Reefer Business.

She says: "Everything is new to me but learning and knowing new things are very interesting and exciting for me. I am glad to join this team."

Contact Misayo: Tel: +81 (3) 6716-0420 Email: misayo.ono@daikin.co.jp

Nobuko Fukuda named Project Leader



At the beginning of June, Nobuko Fukuda joined Itochu Corporation to work with the Daikin sales team in Japan and Asia. Nobuko previously worked in the container leasing industry and has over 20 years experience of the container market. In her new role as Project Leader, she will be working alongside Eiji Nonaka promoting Daikin in the reefer market

Says Fukuda-san: "While there are so many things to catch up and learn, I find this job very exciting and am very happy to be a part of this great team."

Contact Nobuko: Tel: +81 (3) 3497-3961 Email: n-fukuda@itochu-nfm.co.jp

Eiji Nonaka returns to Tokyo



In May 2006, Eiji Nonaka, Manager of the Global Business Team Products and Components Division, returned from London to Itochu Corporation's Head Office in Tokyo, Japan.

He says: "I'd like to take this opportunity to thank our customers, business partners and the Itochu Europe team for all the kindness and support given to me during my seven years in London. My mission in Tokyo is basically the same as in London, except I will now be working with our Asian rather than our European customers. By getting to know existing and new customers in Asia, I hope I can play a small part in bringing together Daikin and customers all around the globe."

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Date for Your Diary

Intermodal Transport & Logistics show

Intermodal is the leading exhibition and conference for all companies associated with the container and intermodal industries and attracts high participation from operators, lessors and suppliers of container and reefer equipment.

We look forward to seeing many of our customers and business partners at this year's event on the Daikin stand number D32.

Visitors to Intermodal can attend free of charge provided that they pre-register at the event website at www.intermodal-events.com.

For more information, please visit the Intermodal website or email:

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Daikin will once again be exhibiting at the 2006 Intermodal Transport & Logistics show, taking place from Tuesday 5th – Thursday 7th December at the Hamburg Messe, Germany.



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